

AMENDED IN SENATE AUGUST 15, 2011

AMENDED IN SENATE JULY 12, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1084

Introduced by Assembly Member Davis

February 18, 2011

An act to amend ~~Section 985~~ *Sections 985, 987.53, 987.60, 987.603, 987.67, 987.71, 987.75, 987.77, and 987.84* of, to add ~~Section~~ *Sections 987.93 and 988.7* to, and to repeal Article 4 (commencing with Section 270) of Chapter 3 of, and Article 1 (commencing with Section 480) of Chapter 10 of, Part 1 of Division 2 of, the Military and Veterans Code, relating to veterans, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1084, as amended, Davis. Veterans' farm and home purchases: shared equity cooperative housing.

Existing law provides for farm and home purchase benefits for qualifying veterans under the Veterans' Farm and Home Purchase Act of 1943, and subsequent acts, which are collectively referred to as the CalVet Home Loan program. Existing law defines "cooperative housing corporation" for purposes of this program to mean a real estate development in which membership in the corporation, by stock, is coupled with the exclusive right to possess a portion of the real property.

The bill would expand the definition of cooperative housing corporation to include a shared equity cooperative.

The California National Guard Members' Farm and Home Purchase Act of 1978, administered by the Department of Veterans Affairs,

provides for farm and home purchase benefits for designated members of the California National Guard. The California National Guard Members' Revenue Bond Act of 1978 authorizes, and prescribes a procedure for, the issuance of debentures for home, farm, and mobilehome loans under the California National Guard Members' Farm and Home Purchase Act of 1978. The California National Guard Members' Revenue Bond Act of 1978 creates the California National Guard Members' Farm and Home Building Fund of 1978, and creates special accounts in that fund, including, but not limited to, the National Guard Members' Revenue Bond Revenue Account.

This bill would require all moneys in the California National Guard Members' Farm and Home Building Fund of 1978 and in any account created in that fund that are not needed to meet revenue bond obligations to be deposited into the Veterans' Farm and Home Building Fund of 1943. This bill would also require any revenues that would have otherwise been required to be deposited into the California National Guard Members' Farm and Home Building Fund of 1978, or any other account in that fund, to be deposited into the Veterans' Farm and Home Building Fund of 1943. This bill would continuously appropriate all moneys deposited into the Veterans' Farm and Home Building Fund of 1943 pursuant to this bill to the department, and would require those moneys to be used by the department to make shared equity cooperative housing loans.

This bill would repeal the California National Guard Members' Farm and Home Purchase Act of 1978 and the California National Guard Members' Revenue Bond Act of 1978, as provided.

The Veterans' Farm and Home Purchase Act of 1974 (act) authorizes the Department of Veterans Affairs to assist veterans in acquiring homes and farms by generally providing that the department may purchase a farm or home which the department then sells to a purchaser, as defined. The act includes in the definition of "home" a condominium, a mobilehome, and a residence with 2 or 4 units occupied by veterans and their families. The act requires, before the purchase of any property by the Department of Veterans Affairs, that an appraisal of the market value of the property be filed with the department by an employee or authorized agent of the department, the Federal Housing Administration, or the Veteran's Administration. The act requires the purchaser to make an initial payment of at least 2% of the selling price of the property and requires a loan to be secured by a deed of trust. The act authorizes the department to pay, satisfy, discharge, settle, and

compromise the taxes, assessments, charges, and encumbrances, and to insure buildings, improvements, and crops, and to do work necessary to keep the home or farm in good order and repair if the purchaser fails to do so. The act also authorizes the department to add the costs of the purchaser's failure to act onto the selling price of the property and authorizes the department to seek repayment from the purchaser for these costs. The act authorizes the department to cancel a contract, forfeiting all rights of the purchaser, if the purchaser does not comply with any terms of the purchase contract.

This bill would expand the definition of "home" to include a cooperative dwelling unit, as defined. This bill would define property, except when used in the phrase "real property" or "personal property," as a farm or a home. This bill would also make changes conforming to those definitions .

This bill would authorize the appraisal of the market value of the property to also be filed by an appraiser licensed or certified in this state. This bill would allow the department to require a higher amount than 2% of the selling price of the property as an initial payment, and would authorize the department to allow another form of security, other than a deed of trust, to secure a loan. This bill would authorize the department to add the costs of a stock corporation's failure to pay, satisfy, discharge, settle, and compromise the taxes, assessments, charges, and encumbrances, and to insure buildings, improvements, and crops, and to do work necessary to keep the property in good order and repair to the selling price of the property and would authorize the department to seek repayment from the stock corporation for these costs. This bill would require the department to allow a stock cooperative to cure any failure by a purchaser to comply with the terms of the purchase contract. This bill would require that a purchaser's right to occupy the property under its contract with the department not be subject to consent or approval by the stock cooperative, and would require that a stock cooperative enter into an agreement directly with the department as a condition of taking title to a cooperative dwelling unit.

This bill would declare that it is to take effect immediately as an urgency statute.

*Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.*

The people of the State of California do enact as follows:

1 SECTION 1. Article 4 (commencing with Section 270) of
2 Chapter 3 of Part 1 of Division 2 of the Military and Veterans
3 Code is repealed.

4 SEC. 2. Article 1 (commencing with Section 480) of Chapter
5 10 of Part 1 of Division 2 of the Military and Veterans Code is
6 repealed.

7 SEC. 3. Section 985 of the Military and Veterans Code is
8 amended to read:

9 985. As used in this article:

10 (a) "Farm" means a tract of land, which, in the opinion of the
11 department, is capable of producing sufficiently to provide a living
12 for the purchaser and the purchaser's dependents.

13 (b) "Home" means any of the following:

14 (1) A parcel of real estate upon which there is a dwelling house
15 or other buildings that will, in the opinion of the department, suit
16 the needs of the purchaser and the purchaser's dependents as a
17 place of abode.

18 (2) Condominium, as defined in subdivision (h).

19 (3) Mobilehome, as defined in subdivision (k).

20 (4) Cooperative housing, as defined in subdivision (m).

21 (c) "Purchaser" means a veteran or any person who has entered
22 into a contract of purchase of a farm or home from the department.

23 (d) "Purchase price" means the price which the department pays
24 for any farm or home.

25 (e) "Selling price" means the price for which the department
26 sells any farm or home.

27 (f) "Initial payment" means the first payment to be made by a
28 purchaser to the department for a farm or home.

29 (g) "Progress payment plan" means payment by the department
30 for improvements on real property in installments as work
31 progresses.

32 (h) "Condominium" means an estate in real property consisting
33 of an undivided interest in common in a portion of a parcel of real
34 property together with a separate interest in space in a residential
35 building on the real property, such as an apartment, which, in the
36 opinion of the department, suits the needs of the purchaser and the
37 purchaser's dependents as a place of abode. A condominium may

1 include, in addition, a separate interest in other portions of the real
2 property.

3 (i) “Effective rate of interest” means the average interest rate
4 of the interest on the unpaid balance due on a participation contract
5 to which the interest of the department is subject and the interest
6 rate on the unpaid balance of the purchase price, as determined by
7 the department.

8 (j) “Participation contract” means an obligation secured by a
9 deed of trust or mortgage, or other security interest established
10 pursuant to regulations of the department.

11 (k) “Mobilehome” means either a parcel of real estate, or an
12 undivided interest in common in a portion of a parcel of real
13 property, on which is situated a mobilehome that will, in the
14 opinion of the department, suit the needs of the purchaser and the
15 purchaser’s dependents as a place of abode and meets all
16 requirements of local governmental jurisdictions.

17 (l) “Immediate family” means the spouse of a purchaser, the
18 natural or adopted dependent children of the purchaser, and the
19 parents of the purchaser if they are dependent on the purchaser for
20 50 percent or more of their support.

21 (m) “Cooperative housing corporation” means both of the
22 following:

23 (1) A real estate development in which membership in the
24 corporation, by stock ownership, is coupled with the exclusive
25 right to possess a portion of the real property.

26 (2) A shared equity cooperative.

27 (n) “*Shared equity cooperative*” means a housing cooperative
28 that balances ongoing housing affordability and individual asset
29 accumulation. The department provides a loan to help a veteran
30 purchase property, in which a public entity or nonprofit
31 organization shares in any property price appreciation that occurs
32 while the veteran owns the property.

33 (o) “*Shared equity cooperative housing loan*” means a loan to
34 a National Guard member for the purchase of property in a shared
35 equity cooperative.

36 SEC. 4. Section 987.53 of the Military and Veterans Code is
37 amended to read:

38 987.53. As used in this article:

39 (a) “Farm” means a tract of land, which, in the opinion of the
40 department, is capable of producing sufficient income to provide

1 payment of the amortized contract installments, including principal,
2 interest, and taxes.

3 (b) “Home” means a parcel of real estate upon which there is a
4 dwelling house and other buildings that will, in the opinion of the
5 department, suit the needs of the purchaser and the purchaser’s
6 dependents as a place of abode. “Home” includes all of the
7 following:

8 (1) A condominium as defined in subdivision (h).

9 (2) A mobilehome as defined in subdivision (k).

10 (3) A residence with two to four units, inclusive, that satisfies
11 the requirements of Section 143(k)(7) of the Internal Revenue
12 Code and that is only occupied by veterans and their families.

13 (4) *A cooperative dwelling unit as defined in subdivision (s).*

14 (c) “Purchaser” means a veteran or any person who has entered
15 into a contract of purchase of a farm or home from the department.

16 (d) “Purchase price” means the price which the department pays
17 for any farm or home.

18 (e) “Selling price” means the price for which the department
19 sells any farm or home.

20 (f) “Initial payment” means the first payment to be made by a
21 purchaser to the department for a farm or home.

22 (g) “Progress payment plan” means payment by the department
23 for improvements on real property in installments as work
24 progresses.

25 (h) “Condominium” means an estate in real property consisting
26 of an undivided interest in common in a portion of a parcel of real
27 property together with a separate interest in space in a residential
28 building on the real property, such as an apartment, which, in the
29 opinion of the department, suits the needs of the purchaser and the
30 purchaser’s dependents as a place of abode. A condominium may
31 include, in addition, a separate interest in other portions of the ~~real~~
32 property.

33 (i) “Effective rate of interest” means the average rate of interest
34 on the unpaid balance due on a participation contract to which the
35 department’s legal rights are subject, and the rate of interest on
36 the unpaid balance of the purchase price, as determined by the
37 department.

38 (j) “Participation contract” means an obligation secured by a
39 deed of trust or mortgage, or other security interest established
40 pursuant to regulations of the department.

1 (k) “Mobilehome” means either a parcel of real estate, or an
2 undivided interest in common in a portion of a parcel of real
3 property, on which is sited one or more mobilehome modules, or
4 a site in a mobilehome park, as defined in Section 18214 of the
5 Health and Safety Code, on which one or more mobilehome
6 modules is sited or is to be sited that will, in the opinion of the
7 department, suit the needs of the purchaser and the purchaser’s
8 dependents as a place of abode and meets all requirements of local
9 governmental jurisdictions. However, where the mobilehome
10 module or modules are sited on trust land, “local governmental
11 jurisdictions” means the tribal governing body.

12 For purposes of this subdivision, “module” means a section of
13 a mobilehome at least 10 feet wide and at least 40 feet long.

14 (l) “Indian veteran” means a veteran, as defined in Section 980,
15 who, in addition, either belongs to an Indian tribe, band, group,
16 reservation, rancheria, or community which is recognized by the
17 United States as eligible for services from the United States Bureau
18 of Indian Affairs or is an Indian beneficiary and who is eligible
19 under this article for purchase by the department of a home or farm
20 sited on trust land.

21 (m) “Trust land,” with respect to an Indian veteran, means land
22 held in trust by the United States government for individual
23 Indians, Indians who belong to Indian tribes, or Indian tribes.

24 (n) “Allotment trust land” means land held by the United States
25 under the Indian General Allotment Act of 1887, as amended,
26 (Chapter 9 (commencing with Section 331) of Title 25 of the
27 United States Code), in trust for an individual Indian or for two or
28 more Indians holding individual interests in common. It includes
29 both trust and restricted public domain allotments and allotments
30 within the boundaries of an Indian reservation.

31 (o) “Tribal trust land” means land held in trust by the United
32 States for an Indian tribe or band.

33 (p) “Tribe” means any Indian tribe, band, group, reservation,
34 rancheria, or community which is recognized by the United States
35 as eligible for services from the United States Bureau of Indian
36 Affairs.

37 (q) “Immediate family” means the spouse of a purchaser, the
38 natural or adopted dependent children of the purchaser, and the
39 parents of the purchaser if they are dependent on the purchaser for
40 50 percent or more of their support.

1 (r) “Indian beneficiary” means an Indian for whom land is held
2 in trust by the United States government.

3 (s) “Cooperative dwelling unit” means a unit in a development
4 owned by a stock cooperative as defined in subdivision (m) of
5 Section 1351 of the Civil Code, including a limited-equity housing
6 cooperative as defined in Section 817 of the Civil Code, or similar
7 entity, the exclusive occupancy of which is established in
8 accordance with cooperative dwelling unit ownership documents.

9 (t) “Cooperative dwelling unit ownership documents” means
10 cooperative housing stock together with any occupancy agreements
11 or similar arrangements between the stock company and the owner
12 of the cooperative housing stock. The cooperative dwelling unit
13 ownership documents for a cooperative dwelling unit shall have
14 terms that are acceptable to the department to allow the department
15 to protect its rights under the applicable contract of purchase.

16 (u) “Cooperative housing stock” means a certificate of stock,
17 a certificate of membership, or other evidence of ownership of an
18 interest, in a stock cooperative as defined in subdivision (m) of
19 Section 1351 of the Civil Code, including a limited-equity housing
20 cooperative as defined in Section 817 of the Civil Code, or similar
21 entity that entitles the purchaser to enter into occupancy
22 agreements or similar arrangements with the stock cooperative,
23 including a limited-equity housing cooperative, or similar entity,
24 to occupy a cooperative dwelling unit.

25 (v) “Property,” except when used in the phrase “real property”
26 or “personal property,” means a farm or a home.

27 SEC. 5. Section 987.60 of the Military and Veterans Code is
28 amended to read:

29 987.60. (a) The department may acquire the farm or home
30 from its owner or may contract with a veteran for the construction
31 of a dwelling-house and other improvements for a farm or home,
32 upon the terms agreed under all of the following terms and
33 conditions:

34 (1) The department is satisfied of the desirability of the property
35 submitted.

36 (2) The veteran has agreed with the department that he or she,
37 or members of his or her immediate family, will actually reside
38 on the property within 60 days from the date of purchase by the
39 department, or, if the residence on the property is not complete on
40 the date of purchase, within 60 days after the residence is

1 completed, and will continue to reside on the property until all
2 payments due the department have been paid or the farm or home
3 is sold, except where the occupancy requirement is waived pursuant
4 to Section 987.62.

5 (3) If the department is to contract with a veteran for the
6 construction of a dwelling-house and other buildings, or for the
7 purchase of a mobilehome, all of the following are required:

8 (A) The veteran shall be the owner of the real property on which
9 the dwelling-house and other buildings are to be constructed, or
10 shall be the owner of the real property or shall be the owner of an
11 undivided interest in common in a portion of a parcel of real
12 property on which a mobilehome is to be situated, and agrees to
13 convey that property to the department without cost.

14 (B) The veteran has paid a reasonable fee set by the department
15 to cover the cost of any preliminary service of the department that
16 may be necessary to process the application.

17 (C) The veteran has filed with the department adequate plans
18 and specifications for the improvements to be constructed upon
19 the real property, together with a contract, executed by a contractor
20 licensed by the State of California for the construction of the
21 improvements in accordance with the plans and specifications
22 within 12 months after the acquisition of the real property by the
23 department. The department may require a bond or other security
24 instrument executed by the contractor in an amount determined
25 by the department providing for compliance with the terms of the
26 contract and for the payment of persons furnishing material or
27 labor on the job, executed by a surety company, or other financial
28 institution, authorized to do business in the State of California.
29 The department may also require course-of-construction insurance
30 for public liability, property damage, and workers' compensation.

31 (D) The plans, specifications, contract, and other required
32 documents or security instruments are approved by the department.

33 (E) The veteran has placed in escrow all sums of money to be
34 advanced by him or her, where the cost is in excess of the
35 maximum that may be expended by the department.

36 (b) As used in this section "immediate family" includes only
37 the veteran's spouse, natural or adoptive dependent children, and
38 parents only if the parents are dependent upon the veteran for 50
39 percent or more of their support.

1 *SEC. 6. Section 987.603 of the Military and Veterans Code is*
2 *amended to read:*

3 987.603. The department may acquire an assignment of an
4 Indian veteran's beneficial interest in trust land held by the United
5 States for that veteran or a leasehold interest in trust land acquired
6 by the Indian veteran from an Indian beneficiary and contract with
7 an Indian veteran as provided in Sections 987.601 and 987.602
8 upon the terms agreed if all of the following conditions are met:

9 (a) The department is satisfied of the desirability of the property
10 submitted.

11 (b) The Indian veteran has agreed with the department that the
12 veteran, or members of the veteran's immediate family, will
13 actually reside on the property within 60 days from the date of
14 acquisition by the department, or if the residence on the property
15 is not complete on the date of acquisition, within 60 days after the
16 residence is completed.

17 (c) The sum to be expended by the department pursuant to a
18 contract for the acquisition of a home or the construction of a
19 dwelling-house and other improvements does not exceed the
20 maximum loan amount established pursuant to subdivision (a) of
21 Section 987.65. The sum to be expended by the department
22 pursuant to a contract for the acquisition of a mobilehome on trust
23 land or leasehold land does not exceed the maximum loan amount
24 established pursuant to subdivision (b) of Section 987.65. The sum
25 to be expended by the department pursuant to a contract for the
26 acquisition of a farm on trust land or leasehold land does not exceed
27 the maximum loan amount established pursuant to subdivision (e)
28 of Section 987.65.

29 (d) The Indian veteran has paid a reasonable fee set by the
30 department to cover the cost of preliminary service of the
31 department that may be necessary to process the application.

32 (e) The Indian veteran has filed with the department adequate
33 plans and specifications for the improvements to be constructed
34 upon the-real property, together with a contract executed by a
35 contractor licensed by the State of California or by an Indian
36 contractor approved by the department for the construction of the
37 improvements, in accordance with the plans and specifications,
38 within 12 months after the assignment of the Indian veteran's
39 beneficial interest or acquisition of the Indian veteran's leasehold
40 interest in the-real property by the department. The department

1 may require a bond or other security instrument executed by the
2 contractor in an amount determined by the department providing
3 for compliance with the terms of the contract and for the payment
4 of persons furnishing material or labor on the job, executed by a
5 surety company, or other financial institution, authorized to do
6 business in the State of California. The department may also require
7 course-of-construction insurance for public liability, property
8 damage, and workers' compensation.

9 (f) The plans, specifications, contract, and other required
10 documents or security instruments are approved by the department.

11 (g) The Indian veteran has placed in escrow all sums of money
12 to be advanced by the veteran where the cost is in excess of the
13 maximum that may be expended by the department.

14 *SEC. 7. Section 987.67 of the Military and Veterans Code is*
15 *amended to read:*

16 987.67. (a) ~~Before~~ *Notwithstanding subdivision (c), before the*
17 *purchase of any property by the department there shall be filed*
18 *with the department (1) an appraisalment of the market value of*
19 *the property by an employee or an authorized agent of the*
20 *department or, (2) an appraisalment of the market value of the*
21 *property by either the Federal Housing Administration or the*
22 *Veteran's Administration, and in addition there may be filed with*
23 *the department an appraisalment of the market value of the property*
24 *by an authorized appraiser of a banking corporation formed under*
25 *the laws of this state or of a national banking association having*
26 *a place of business in this state, or (3) an appraisalment of the*
27 *market value of the property by an appraiser licensed or certified*
28 *in this state.* Each appraisalment shall be certified by the maker
29 thereof. The certification shall state that it is made in good faith,
30 and that the valuation is honestly determined and represents the
31 bona fide opinion of the maker.

32 (b) The department shall establish guidelines to ensure greater
33 participation of state-licensed *or state-certified* real estate
34 appraisers and shall establish an outreach program to effectively
35 disseminate information concerning the participation to
36 professional appraisal associations or trade groups.

37 *SEC. 8. Section 987.71 of the Military and Veterans Code is*
38 *amended to read:*

39 987.71. (a) The purchaser shall make an initial payment of at
40 least 2 percent of the selling price of the property *or a higher*

1 *amount that shall be determined by the department, based on the*
2 *creditworthiness of the purchaser.* The department may waive the
3 initial payment in any case where the value of the property as
4 determined by the department from an appraisal equals the amount
5 to be paid by the department plus at least 5 percent. In the case of
6 a purchase requiring a loan guaranty by the United States
7 Department of Veterans Affairs, the department may waive the
8 initial payment and the purchaser shall pay the loan guaranty fee,
9 which may be added to the loan amount. The department may
10 require the purchaser to pay a loan origination fee, not to exceed
11 1 percent of the loan amount, which may be added to the loan
12 amount.

13 (b) The balance of the loan amount may be amortized over a
14 period fixed by the department, not exceeding 40 years for farms
15 or homes, *not including cooperative housing stock related to*
16 *mobilehomes*, and not exceeding 30 years for mobilehomes,
17 *including cooperative housing stock related to mobilehomes*,
18 located in mobilehome parks, as defined in Section 18214 of the
19 Health and Safety Code, together with interest thereon at the rate
20 determined by the department pursuant to Section 987.87 for these
21 amortization purposes.

22 (c) The department may, in order to allow the veteran to
23 purchase the home selected without incurring excessive monthly
24 payments, at the time of initial purchase, postpone the
25 commencement of payment of the principal balance for a period
26 not to exceed five years if the veteran's current income meets the
27 standards for purchase on these terms and if the department
28 determines, in accordance with previously established criteria for
29 these determinations, that the veteran's income can reasonably be
30 expected to increase sufficiently within the five-year period to
31 make the transition to fully amortized principal and interest
32 payments, so long as the total term of the contract of purchase does
33 not exceed 40 years, or 30 years where the contract relates to a
34 mobilehome located in a mobilehome park, as defined in Section
35 18214 of the Health and Safety Code.

36 (d) The purchaser on any installment date may pay any or all
37 installments still remaining unpaid.

38 (e) In any individual case, the department may for good cause
39 postpone, from time to time, upon terms the department determines

1 to be proper, the payment of the whole or any part of any
2 installment of the purchase price or interest thereon.

3 (f) Each installment shall include an amount sufficient to pay
4 the principal and interest on the participation contract to which the
5 interest of the department is subject, and any amount as may be
6 required by a covenant or provision contained in any resolution
7 of issuance.

8 (g) When a purchaser makes an initial payment of less than 20
9 percent of the selling price of the property, the department shall
10 do all of the following:

11 (1) Take prudent measures to minimize losses from loan defaults
12 and loan delinquencies.

13 (2) (A) Ensure the continued financial solvency of the loan
14 program by charging fees to cover the costs, as determined by the
15 department, of any loan guaranty, primary mortgage insurance, or
16 other similar arrangement.

17 (B) Fees charged under this paragraph may be included in the
18 amount of the loan, collected in advance, or collected as part of
19 the monthly payment.

20 (h) (1) Subject to paragraph (2), the department may provide
21 initial payment assistance to lower income first-time purchasers
22 by providing a deferred-payment second loan, upon which simple
23 interest shall be charged at a rate established by the department.

24 (2) A deferred-payment second loan described in paragraph (1)
25 is subject to all of the following conditions:

26 (A) The loan may not exceed 3 percent of the selling price of
27 the farm or home.

28 (B) The loan shall be secured by a deed of trust *or, if authorized*
29 *by the department, another form of security.*

30 (C) The loan shall be due and payable upon the payment in full
31 of the contract or upon the sale or transfer of the farm or home.

32 *SEC. 9. Section 987.75 of the Military and Veterans Code is*
33 *amended to read:*

34 987.75. (a) If the purchaser *or, if applicable, the related stock*
35 *corporation*, fails or neglects to pay, satisfy, and discharge at
36 maturity all taxes and assessments, and all other charges and
37 encumbrances which are a lien upon the property being purchased
38 from the department, or any part thereof, and also all taxes and
39 assessments levied or assessed upon the interest created by the
40 contract of purchase of such property; or to keep the buildings,

1 fences, other permanent improvements upon such property insured
2 and in good order and repair, or to keep the crops upon such
3 property insured; or to keep in good order and repair all buildings,
4 fences, and other permanent improvements situated upon such
5 property; then, in such event, the department may pay, satisfy,
6 discharge, settle, or compromise the taxes, assessments, charges,
7 or encumbrances, or insure the buildings, fences, permanent
8 improvements, or crops, or do the work and supply the materials
9 necessary to keep the buildings, fences, and other improvements
10 in good order and repair. All moneys so expended by the
11 department shall be added to the selling price of the property and
12 bear interest at the rate of interest designated in Section 987.71
13 from the date of expending the same, and shall be repaid by the
14 purchaser to the department on demand. The department may
15 amortize the repayment of such expenditures or permit repayment
16 in installments upon the terms and conditions which it deems
17 proper.

18 *SEC. 10. Section 987.77 of the Military and Veterans Code is*
19 *amended to read:*

20 987.77. In the event of a failure of a purchaser to comply with
21 any of the terms of his contract of purchase, the department may
22 cancel such contract, and thereupon be released from all
23 obligations, at law or in equity, to convey the property, and the
24 purchaser shall forfeit all right thereto. All payments theretofore
25 made shall be deemed to be rental paid for occupancy. Upon such
26 forfeiture, the department shall take possession of the property
27 covered by such contract, and shall remove all persons and personal
28 property therefrom without any liability whatsoever on the part of
29 the department or of any official or employee thereof for any
30 damage or injury caused by or incident to the entry or removal.
31 The failure of the department to exercise any option to cancel or
32 to exercise any other privilege under such contract for any default
33 shall not constitute a waiver of the right to exercise such option
34 or privilege for any other default on the part of the purchaser. *The*
35 *department shall allow a stock cooperative, as defined in*
36 *subdivision (m) of Section 1351 of the Civil Code, the opportunity*
37 *to cure any failure by a purchaser described in this section.*

38 *SEC. 11. Section 987.84 of the Military and Veterans Code is*
39 *amended to read:*

1 987.84. The right to declare a forfeiture for breach of a
2 condition contained in any deed to real property *or in any*
3 *cooperative dwelling unit ownership documents* may not be
4 enforced as against the interest of the department in said ~~real~~
5 property or any portion thereof.

6 *SEC. 12. Section 987.93 is added to the Military and Veterans*
7 *Code, to read:*

8 987.93. *Where the property consists of a cooperative dwelling*
9 *unit:*

10 (a) *The purchaser's right to occupy the property under its*
11 *contract with the department shall not be subject to consent or*
12 *approval by the stock cooperative, as defined in subdivision (m)*
13 *of Section 1351 of the Civil Code, nor shall there be any fee or*
14 *surcharge imposed by the stock cooperative as a result of the right*
15 *of occupancy, provided that the foregoing shall not affect the rights*
16 *that the stock cooperative may have under the applicable*
17 *cooperative dwelling unit ownership documents to approve the*
18 *initial acquisition of the cooperative dwelling unit by the*
19 *department on behalf of the purchaser.*

20 (b) *As a condition to taking title to a cooperative dwelling unit,*
21 *the department shall require that the stock cooperative enter into*
22 *an agreement directly with the department, which agreement shall*
23 *be in a form established by the department and shall provide for*
24 *such matters as the department may determine relating to (1) the*
25 *enforcement by the stock cooperative of its rights in the event that*
26 *the purchaser defaults under the cooperative dwelling unit*
27 *ownership documents, (2) the enforcement by the department of*
28 *its rights in the event the purchaser defaults under its contract*
29 *with the department, and (3) such other matters as the department*
30 *may determine to be necessary to reasonably protect its interest*
31 *in the property.*

32 ~~SEC. 4.~~

33 *SEC. 13. Section 988.7 is added to the Military and Veterans*
34 *Code, to read:*

35 988.7. (a) (1) Notwithstanding any other law, all moneys in
36 the California National Guard Members' Farm and Home Building
37 Fund of 1978 and any other account created in that fund, including,
38 but not limited to, the National Guard Members' Revenue Bond
39 Revenue Account, that are not needed to meet revenue bond
40 obligations shall be deposited into the Veterans' Farm and Home

1 Building Fund of 1943 within ____ days after the effective date
2 of this section.

3 (2) Notwithstanding any other law, on and after the effective
4 date of this section, any revenues that would have otherwise been
5 required to be deposited into the National Guard Members'
6 Revenue Bond Revenue Account pursuant to Section 485.1, the
7 California National Guard Members' Farm and Home Building
8 Fund of 1978, or any other account in that fund, shall be deposited
9 into the Veterans' Farm and Home Building Fund of 1943.

10 (b) Notwithstanding Section 13340 of the Government Code,
11 all moneys deposited into the Veterans' Farm and Home Building
12 Fund of 1943 pursuant to subdivision (a) are hereby continuously
13 appropriated, without regard to fiscal year, to the department, and
14 shall be used by the department to make shared equity cooperative
15 housing loans.

16 ~~SEC. 5.~~

17 *SEC. 14.* Sections 1 and 2 of this bill shall become operative
18 ____ days after the effective date of this bill. However, any ~~loans~~
19 ~~loan to a California National Guard~~~~members~~ *member* made
20 pursuant to the California National Guard Members' Farm and
21 Home Purchase Act of 1978 (Article 4 (commencing with Section
22 270) of Chapter 3 of Part 1 of Division 2 of the Military and
23 Veterans Code) that is still in existence after that date shall continue
24 to be administered by the Department of Veterans Affairs. All
25 rights and obligations acquired under the California National Guard
26 Members' Farm and Home Purchase Act of 1978 by a purchaser
27 and by the department prior to that date shall continue to exist.

28 ~~SEC. 6.~~

29 *SEC. 15.* This act is an urgency statute necessary for the
30 immediate preservation of the public peace, health, or safety within
31 the meaning of Article IV of the Constitution and shall go into
32 immediate effect. The facts constituting the necessity are:

33 In order to allow the CalVet Home Loan Program to offer
34 housing finance opportunities to low-income veterans, young
35 veterans, veterans in need of specific services, and other special
36 needs veterans, and to allow the Department of Veterans Affairs
37 to make shared equity cooperative housing loans as soon as
38 possible, it is necessary that this act go into immediate effect.

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